

MAR 15 1982

In the matter of the petition of

MILWAUKEE DISTRICT COUNCIL 48, AFSCME,
AFL-CIO

WISCONSIN EMPLOYMENT
RELATIONS COMMISSION

To initiate mediation arbitration between said
petitioner and the

Decision No. 19208-A

CITY OF MILWAUKEE

Appearances: Joseph Robison, Executive Director, for the Union
Nicholas M. Sigel, Assistant City Attorney, for the Employer

Milwaukee District Council 48, AFSCME, AFL-CIO, hereinafter referred to as the Union, filed a petition with the Wisconsin Employment Relations Commission alleging that an impasse existed between it and the City of Milwaukee, hereinafter referred to as the Employer, in their collective bargaining and it requested the commission to initiate mediation-arbitration pursuant to Section 111.70(4)(cm)6 of the Municipal Employment Relations Act. There was an investigation in the matter and the Commission found that the parties met on twelve occasions in efforts to reach an accord on a new collective bargaining agreement. When they were unsuccessful the parties participated in mediation on four different occasions. Subsequent to the filing of the petition for mediation-arbitration by the Union, an investigator for the Commission met with the parties on twenty occasions and found that the parties were deadlocked in their negotiations as of March 12, 1981. Subsequently the Employer filed a petition for declaratory ruling alleging that certain proposals contained in the Union's final offer were permissive subjects of bargaining. After a hearing on the matter the Commission issued a declaratory ruling. On November 18 and 19, 1981 an investigator for the Commission found that the parties were still deadlocked in their negotiations. On November 25, 1981 the parties submitted their final offers. The Commission found that an impasse within the meaning of Section 111.70(4)(cm)6 of the Municipal Employment Relations Act exists between the parties with respect to negotiations leading toward a new collective bargaining agreement covering wages, hours and conditions of employment affecting employees in the bargaining unit. The Commission furnished the parties a panel of mediator-arbitrators for the purpose of selecting a single mediator-arbitrator to resolve the impasse and was advised that the parties had selected the undersigned as the mediator-arbitrator. On December 22, 1981 the Commission issued an order appointing Zel S. Rice II as the mediator-arbitrator.

The final offer of the Union, attached hereto and marked "Exhibit A", contained proposals with regard to duty incurred disability pay, rates of pay, health insurance, dental insurance, and bargaining team lost time. The Employer's final offer, attached hereto and marked "Exhibit B", contained proposals with respect to rates of pay, injury pay and health insurance. A mediation session was held at Milwaukee, Wisconsin on January 14, 1982. In the course of the mediation session agreement was reached between the parties on all of the issues in their final offers except the Union proposal on dental insurance. When it became apparent that agreement could not be reached on that issue, a hearing on the arbitration phase of the proceedings was scheduled and conducted on February 4 and 5, 1982, at Milwaukee, Wisconsin.

The dental insurance proposal of the Union provides that the Employer should offer dental benefits for bargaining unit employees and that it would pay up

to a maximum of \$20.00 toward the cost of the family premium and \$6.00 toward the cost of the single premium. The proposal included a schedule of dental benefits which provided a maximum per participant per calendar year of \$1,000.00, a \$25.00 deductible provision with a maximum number of deductibles per family per calendar year of three and a maximum family deductible of \$75.00 per year, diagnostic x-rays with 100% co-insurance, oral examinations with 100% co-insurance and preventive services of 100% co-insurance. The deductible provision would not apply to diagnostic or preventive services. The schedule of dental benefits included anesthesia injections with 80% co-insurance, emergency palliative treatment and denture repair/adjustments with 80% co-insurance, direct fillings with 80% co-insurance, indirect fillings with 80% co-insurance, oral surgery with 80% co-insurance, endodontics with 80% co-insurance, periodontics with 80% co-insurance, prosthodontics with 50% co-insurance and orthodontics to age 25 with 50% co-insurance. There was a \$1200.00 life time maximum per participant for orthodontics.

FACTS:

Dental insurance has been expanding in the United States quite rapidly over the past ten years. In 1970 12,000,000 persons were covered by dental insurance. By 1980 that had increased to more than 70,000,000 with a projection that 100,000,000 people will have dental insurance coverage by 1985. Almost 50% of the people in the nation are covered by some form of dental plan. The primary reason for the increase in the amount of dental insurance has been the thrust of collective bargaining. Dental insurance is normally not available to individuals and it is primarily offered to groups. The prevalence of dental disease and the concept of good oral health has created pressure for dental insurance. Some employers have offered it because of its positive impact on productivity. The Employer has provided dental insurance since December of 1979 to the 1800 officers in its police department. The police obtained this dental coverage as a result of an arbitration award. The most recent negotiations for a new collective bargaining agreement between the Employer and the police went to arbitration and the award included an improvement in the amount the Employer contributed toward the dental insurance. The Union has negotiated a collective bargaining agreement for the years 1981 and 1982 with Milwaukee County and it includes a provision providing dental insurance for all of the employees of Milwaukee County. West Allis, Glendale, South Milwaukee and Hales Corners are other municipal employers in the Milwaukee area that have provided dental insurance for their employees. The Milwaukee Area Public Schools, the Milwaukee Technical College, the Brown Deer School District, the Cudahy School District, the Fox Point-Bay Side School District, the Franklin School District, the Glendale-River Hills School District, the Greendale School District, the Greenfield School District, the Mapledale-Indian Hills School District, the Oak Creek School District, the St. Francis School District, the Shorewood School District, the South Milwaukee School District, the Wauwatosa School District, the West Allis-West Milwaukee School District, the Whitnall School District and the Whitefish Bay School District are other Milwaukee area public employers that provide dental insurance for their employees. Major Milwaukee private sector employers that provide dental insurance include Briggs and Stratton, Allen Bradley, A. O. Smith, Pabst Brewery, Miller Brewery, Wisconsin Electric, Northwestern Mutual Life Insurance Company, Allis Chalmers, Blue Cross/Blue Shield, American Motors and Wisconsin Gas Company. There are other private sec-

Indianapolis sponsors a dental insurance program but makes no contribution to it. The city of Minneapolis has agreed to sponsor a voluntary plan but will make no contribution to it. Six of the nine cities in the midwest of over 350,000 population have offered dental insurance protection for their employees and have paid 100% of the premium. Three of those cities have provided this coverage for several years and three have provided it in the last year and one-half. There are 22 cities in the United States with populations of over 350,000 which have collective bargaining agreements with their employees. Of those 22 cities, 14 have agreed with the unions representing their employees to provide dental insurance coverage.

The Union proposal will require the Employer to contribute up to \$20.00 per month for family dental coverage and \$6.00 for single dental coverage beginning the first pay period in 1982. Based on the employees currently enrolled in the Employer's health insurance program, 1953 employees would be eligible for family coverage and 782 would be eligible for single coverage. The annual cost to the Employer of the Union's proposal for dental insurance would be \$525,024.00. This would add 4.61¢ per hour per employee to the Employer's total cost per hour per employee. The dental insurance program awarded to the Employer's police in 1979 was part of an award that included a 10% wage increase for 1979 and a 10% wage increase for 1980. The dental plan required the Employer to pay 40% of the premium and the employees to pay 60% of the cost. The 1981-82 agreement between the Employer and the police was settled by arbitration and it provided for a wage increase of 8.79% in 1981 and 8.6% in 1982 and the Employer was required to pay 50% of the dental insurance premium. The police were given an additional 1% increase for unanticipated duty pay. The employees represented by the Union received a 6.6% increase in 1979 and a 6.4% increase in 1980. For 1981 the employees will receive a 9% general wage increase effective pay period 1 and an additional 1% increase in pay period 14. For 1982 they will receive a 9% general wage increase effective pay period 3 and an additional 1% wage increase effective pay period 14. In 1977 the employees represented by the Union received a 3.65% increase and in 1978 they received a 3.85% increase. The Union's proposal for dental insurance does not cover retirees or those people who retire during the period of the agreement. It covers only active employees. Part time and seasonal employees would have the Employer's contribution to the premium prorated.

During the period from November 1976 to November of 1981 the Consumer Price Index has increased 71% in the Milwaukee area and 61.2% for the nation as a whole. During the period from 1976 to 1978 the Consumer Price Index increased 17.7% for the City of Milwaukee and 16.4% for all of the United States. From November of 1978 to November of 1980 the Consumer Price Index increased 33.3% for the Milwaukee area and 27.5% for the nation overall. During the period from November of 1976 to November of 1980 the Consumer Price Index increased 56.9% for the Milwaukee area and 48.4% for the nation. During 1979 most of the municipal employers in the Milwaukee area gave salary increases of about 7%. During 1980 those same employers gave approximately the same percentage increases although the average was somewhat higher. In 1981 municipal employers in the Milwaukee area have uniformly given wage increases of about 10%. In 1982 those same employers gave increases averaging slightly more than 10%. The increases received by the employees in this bargaining unit have been about .5% per year lower than the increases received by similar employees of other municipal employers in the Milwaukee area during 1979, 1980, 1981 and 1982.

The Employer bargains with 19 separate collective bargaining units. All of them are civil service employees except the fire fighters and the police who are under the jurisdiction of the police and fire commission. The unions repre-

senting the Employer's other collective bargaining units have reached agreement for 1981 and 1982. As pointed out earlier the collective bargaining agreement with the police includes a dental insurance program, but none of the other bargaining units do. However, most of them have reached agreements with the Employer that contain "me too" provisions which provide that any benefits given to employees represented by the Union over and above those included in their agreements would be extended to them.

The Employer has agreed upon a health insurance program with the Union that does not include a dental plan. The cost of this health insurance plan to the Employer has risen almost 900% in the last 15 years. It has a potential of a substantial increase in cost during 1981 and 1982. The Employer has offered the Union a wage increase that is larger than the increase offered to any of the other Unions with whom the Employer has reached agreement for 1981 and 1982. None of the other bargaining units consisting of civil service employees receive fringe benefits exceeding those that have been provided to this bargaining unit. Many of the Milwaukee suburbs have pension plans but they are different from the ones provided by the Employer to the members of this bargaining unit. The suburbs are under the State of Wisconsin pension program which provides inferior benefits to those provided by the Employer's pension program. The Employer has met with other public employers in the Milwaukee area and they have agreed not to pioneer new fringe benefits for their employees. Since those meetings West Allis and Milwaukee County have provided dental insurance programs for their employees. The Employer is concerned about its inability to cap the cost of the health insurance program provided for its employees.

The Employer has reached agreement with the Union on wages for the 1981 and 1982 contract years. The increased cost of the Employer's wage proposal for 1981, including the rollups, is \$5,616,502.00. This figure includes \$258,749.99 of rollups for overtime which may or may not be incurred. The 1981 cost of the wage increase including the overtime rollup repeats itself in 1982 and costs \$5,599,000.30. The Employer has agreed to a 1982 increase that would have a total cost, including rollups, of \$5,716,882.00. The total increased cost for 1982 would be \$11,315,912.00. The total cost to the Employer of the wage increases agreed upon with the Union for 1981 and 1982 is \$16,932,414.00. This includes the overtime rollup of \$781,693.00 which may or may not be incurred. The Employer has agreed with the Union on some reallocations that will have an increased cost of \$164,006.00 in 1981. The 1981 reallocation cost being repeated in 1982 would cost the Employer \$163,495.00. In addition there would be new 1982 reallocation costs of \$18,082.00 for a total 1982 reallocation cost of \$187,577.00. The reallocations have a total increased cost over the two years of the collective bargaining agreement of \$345,583.00 including the overtime rollups. The Employer has agreed to shift and weekend differentials that have a 1981 increased cost of \$36,168.00. That cost would be repeated in 1982 and the total cost of the increase in the shift and weekend differential for 1981 and 1982 is \$72,336.00. The Employer has agreed to increases in the amount of life insurance that it provides for employees and that will have an increased cost of \$12,393.00 in 1981 which would be repeated in 1982 making a total increase in the cost of life insurance for the 1981-82 contract period of \$24,786.00. The Employer has agreed to an increase in the automobile allowance which will have a 1981 cost of \$4,590.00 that will be repeated in 1982. In 1982 the employees will receive an additional increase in the automobile allowance that will cost \$4,590.00, making the total 1982 cost of the increase in the automobile allowance \$9,180.00. The increase in cost of the automobile allowance over the two year period is \$13,770.00. The Employer has agreed with the Union to increase the clothing allowance for building inspectors. It has a 1981 cost of \$1650.00 that will be repeated in 1982, making a total increase in

the clothing allowance cost for the two year period of \$3,300.00. The Employer has agreed to increase the allowance for safety shoes by an amount that will cost \$7500.00 in 1981 and which will be repeated in 1982. The safety shoe allowance will be boosted again in 1982 by an amount that will cost \$15,000.00, making the total cost of the increase in 1982 \$22,500.00. Over the two years the total cost of the increase in the safety shoe allowance is \$30,000.00. The Employer has agreed to continue the health insurance program at the same level of the previous agreement. It estimates that the 1981 cost will increase by \$672,872.00 and that cost would be repeated in 1982. It estimates that there would be an additional increase in 1982 of \$1,004,408.00, making the total cost of the 1982 increase in the health insurance program \$1,677,280.00. It estimates that the total increased cost of the health insurance program for 1981 and 1982 will be \$2,350,152.00. The total cost of the increases that the Employer has agreed to provide the members of this bargaining unit for the 1981-82 contract years is \$15,999,925.00, without rollups. Adding the cost of the rollups increases that figure to \$19,772,341.00 and the Employer has budgeted part of this. The balance must be provided from the wage supplement fund and the contingency fund. If the arbitrator were to award the dental insurance proposal to the members of this bargaining unit, the premium cost to the Employer would be another \$525,024.00 which is 1.2% of the base salary for the bargaining unit. The total cost of the agreement between the Employer and the Union for 1981 will result in an increase of 11.886% of the bargaining units base salary. The increase for 1982 would be 12.055%. If the arbitrator awards the dental insurance program, the 1982 increase would be 13.255%. The Employer has agreed with its other unions that it will provide them with a dental program if this Union obtains one through either collective bargaining or mediation/arbitration. While the cost of extending those benefits to the other unions and to eligible non-represented employees is not an issue in this proceedings, it does impact on the overall cost of the Employer's benefit program and effects its ability to pay. The additional cost that would result from extending those benefits to the other eligible bargaining units and the non-represented employees would be over \$475,032.00. The total additional cost of a dental insurance program for eligible city employees would be \$1,000,056.00.

The average cost of the 1982 health insurance programs for the cities in the Milwaukee area that have dental program is \$1811.00 per employee. The cost of the health insurance programs in 1982 for those cities that do not have dental insurance programs would be \$1475.00 per employee for 1982. The average cost of health insurance programs for all municipalities in Milwaukee County except the Employer is \$1595.00 per employee. The cost of the Employer's proposal without a dental plan is \$1852.00 per employee while the cost of the program with the dental program would be \$2044.00 per employee. The 1981 and 1982 cost of base salary expenditures resulting from "me too" provisions of other city labor agreements, including rollups, would be \$124,797.00 in 1981 and \$221,966.00 in 1982. The total cost of the "me too" provisions over the two year period would be \$386,763.00. That figure does not include the cost of extending the dental insurance plan because of "me too" provisions.

The Employer averaged 5,847 employees in 1979, 5,953 employees in 1980 and 5,713 employees in 1981. During 1981 the voluntary resignations from employment with the Employer was 8.4%. It declined to 5.6% in 1980 and rose to 5.8% in 1981. However the number of employees voluntarily leaving employment with the Employer has declined from 490 in 1970 to 335 in 1980 to 329 in 1981. The Department of Public Works had 3,095 employees in 1979, 3,090 in 1980 and 3,029 in 1981. The percentage of separations was 4.2% in 1979, 2.5% in 1980 and 2.8% in 1981. The number of the employees voluntarily leaving the Department of Public Works in 1979 was 131. In 1980 that number fell to 77 and in 1981 it increased to 84.

Basically the Employer's work force has been very stable and the Employer has no problems in obtaining employees to staff its work force.

During 1977 Milwaukee County gave its employees a 4% increase while the Employer gave its employees a 3.85% increase. In 1978 Milwaukee County gave its employees a 4% increase while the Employer gave its employees an increase of 3.65%. In 1979 the Employer gave its employees a 6.6% increase while Milwaukee County gave its employees a 6.25% increase. In 1980 the Employer gave its employees a 6.4% increase while Milwaukee County gave its employees a 6.25% increase. The Employer provided its employees with a 9% increase in January of 1981 and another 1% in June of 1981. Milwaukee County did the same. In 1982 the Employer has agreed to provide its employees with a 9% increase in January and another 1% in June. Milwaukee County has given its employees a 9% increase effective in January of 1982. The Employer's cumulative percentage increase for the period from 1979 to 1982 was 37.5% while the figure for that same period for Milwaukee County was 35.5%. The dental plan proposed by the Union has a cost increase amounting to 1.2% of the base salary of the average employee. Milwaukee County's dental insurance program is 1.1% of the employee's salary including rollups. If the Employer is required to provide the members of the bargaining unit with dental insurance, the cumulative percentage increase from 1979 to 1982 of the dental and general settlements will be 39%. During that same period the dental and general settlements of Milwaukee County have had a cumulative percentage increase of 36.8%. The cumulative percentage increase of the Employer would be .7% higher than that of the Milwaukee County without providing a dental insurance program. If the dental insurance program is included the Employer's cumulative percentage increase for the period from 1979 to 1982 would be 2.2% higher than the cumulative percentage increase for Milwaukee County over the same period.

The average cost of health insurance programs for cities of more than 370,000 people in the United States that provide health insurance is \$1840.00. The average employee contribution to that cost is \$212.00 while the Employer contributes \$1628.00. The average health insurance cost per employee in cities of over 370,000 in the United States that do not have dental insurance is \$1114.00. The average employee contribution of that \$1114.00 is \$157.00 and the average employer's contribution is \$957.00. The 9 midwestern cities with populations of more than 370,000 are Chicago, Cincinnati, Cleveland, Columbus, Detroit, Indianapolis, Kansas City, Minneapolis and St. Louis. The Employer has proposed a health insurance program that does not include a dental insurance program and it costs \$1852.00 per employee and the Employer pays it all. If the Employer is required to provide a dental program it will pay \$2,044.00 per employee and the individual employees will be required to make contributions of \$106.00. The 9 cities in the midwest with populations of over 370,000 gave salary increases in 1981 ranging from 0% in Detroit to 9.8% in Cincinnati. In 1982 those same communities that have reached agreement have given salary increases ranging from 0% in Detroit to 9.5% in Indianapolis. Six of those 9 cities provide dental insurance, including Detroit, Cincinnati and Indianapolis.

The average total compensation for employees represented by the Union in 1980 was \$15,315.00. The average cost of fringe benefits per employee was \$5,072.00 making an average total cost per employee of \$20,387.00. The 1981 increase agreed to by the Employer raised the average annual base salary to \$16,736.00 and the average of the cost per employee of base salary and fringe benefits to \$22,394.00. This was a 9.84% increase over 1980. For 1982 the Employer has agreed to an average annual salary of \$18,424.00. The average cost per employee of reallocations and other fringe benefits increases that total cost to \$24,906.00 per employee, which results in a total increase in salary plus bene-

fits since 1980 of 23.28%. If the Union's demand for dental insurance is granted, the cost per employee will increase by \$192.00 to \$25,098.00, which is an increase of 24.23% over 1980. In 1978 the annual pay rate of the average employee represented by the Union was \$13,108.00. In 1979 that increased to \$14,005.00. In 1980 the figure increased to \$14,939.00. At the end of 1981 the figure was \$16,903.00 and by July of 1982 the average annual pay rate of employees represented by the Union will be \$18,613.00. This is an increase of 42% over the average annual pay rate in 1978. The 1980 base salary of employees represented by the Union was \$15,315.00 and the average total cost to the Employer for each employee was \$23,278.00. This figure included the average overtime paid to employees. Not all employees receive overtime. In July of 1982 the average annual salary of an employee represented by the Union will be \$18,613.00 and the Employer's average total cost per employee will be \$28,654.00 including all fringe benefits and overtime. The average total cost of all compensation due an employee is 153.95% of the base salary. If the employees receive the dental program the average total cost per employee to to the Employer will be increased to \$28,841.00, which would be 154.95% of the average annual salary.

The Employer's average health insurance cost per employee in 1972 was \$550.48. By 1980 that figure had increased to \$1233.52, which was an increase of \$683.04 per year or 124.08%. The cost per employee in 1981 will be \$1466.18 and in 1982 it will be \$1851.77. This is a \$1301.29 increase over 1972, which is a 236.39% increase in the cost of health insurance per employee over a ten year period. The Employer estimates that in 1983 its health insurance cost per employee will be in excess of \$2200.00. If the employees are awarded a dental insurance program, the cost will increase. The 1979-80 collective bargaining agreement between the parties provided an increase in the base salary of 13.68% over the two years. The annual increase averaged 6.62%. The increase in total compensation during the 1979-80 collective bargaining agreement was 13.74%, which was an annual increase of 6.64%. The 1981-82 agreement provides for an increase in the base salary of 21.53% which is an annual increase of 10.24%. The Employer's average cost per employee beginning in July of 1982 will be \$25,134.00 which is an increase of 23.28% over the preceding agreement. If the employees receive the dental program, the average cost of compensation per employee will be \$25,326.00. That is an increase over the 1979-80 agreement of 24.23%, which is an increase of 11.46% each year of the agreement. During 1979 the average increase in wages in state and local government settlements covering 5,000 workers or more was 6.5%. The increase in compensation was the same. During the first six months of 1981 the average increase of wages of state and local government employees was 7.3% and the average increase in compensation was 7%. During 1980 the average gross earnings of Milwaukee private sector employees was \$14,796.00, which was a 7.6% increase over the preceding year. The Employer paid the employees that were represented by the Union an average of \$15,873.00 which was 6.39% over the preceding year. In 1981 the average salary for private sector employees in Milwaukee was \$15,780.00 which was a 6.65% increase over the preceding year. The Employer paid the employees represented by the Union an average salary of \$17,351.00, which was an average increase of 9.31% over the preceding year. In 1979 state and local government settlements in collective bargaining agreements covering 5,000 workers or more averaged 6.5% while the Employer and the Union reached agreement on a 6.6% increase in wages and total compensation. In 1981 the average increase in state and local government settlements covering 5,000 workers or more was 7.3% for wages and 7% for total compensation. The Employer and the Union have agreed on provisions that provide members of the bargaining unit a 10.24% increase in wages for 1981 and an 11.03% increase in total compensation. An average of the 5 leading econometric models indicates that the increase in U.S. consumer price index for 1982 will be 7.8% and the unemployment rate will be 8.8%.

The medical benefit provided by the Employer to the employees represented by the Union are quite extensive when compared to employee benefit plans provided by many employers. It provides full coverage for expense of medical services. Less expensive services such as office visits, nursing and medical supplies are covered subject to a \$50.00 deductible and are reimbursed at 80%. Retired employees are eligible to continue the same coverage with the Employer paying full costs for retirees age 60 to 65. The Employer pays 25% of the basic health coverage for the retiree who is over 65. The plan covers approximately 90% of the medical expenses for employees and their dependents. The dental plan proposed by the Union is quite comprehensive. It would cover routine diagnostic and preventive services at 100%. The more expensive dental services would be covered at 80%.

In 1979 the Employer had a tax intensity factor of 33.75. The surrounding suburbs had tax intensity factors ranging from a low of 37.6 in West Allis to a high of 48.49 in Bayside. The average was 43.17. The 1981 property tax intensity factor for the Employer is 30.21 as a result of the decline in the total state and federal aids. The Employer's tax intensity factor is the lowest of any city with a population of over 500,000 except for the City of Boston. In the period from 1970 to 1980 the Employer's population has decreased by 89,000 while the population in the suburbs surrounding it has increased by 76,000. The projections for the next 20 years indicate a decline in population for the Employer of 134,000 while the suburban area around it is expected to increase its population by 183,000. In 1970 the Employer's gross tax levy per capita was \$338.67. By 1980 that had increased to \$468.91. It is projected that the Employer's tax levy per capita will reach \$987.55 by the year 2000. In 1970 the Employer had total taxable property with a value of slightly over \$5,000,000,000. By 1975 that figure was just under \$7,000,000,000. By 1981 the Employer had taxable property with a value of \$10,400,000,000.00. The gross property tax levy of the Employer was \$311,000,000 in 1976. It increased to \$320,500,000.00 by 1977 and declined to just over \$300,000,000 by 1978. In 1979 it declined to just under \$277,000,000.00. In 1980 it increased 7.74% to over \$298,000,000.00. The 1981 gross property tax levy increased by 15.45% to over \$344,000,000.00. In 1976 the residential share of the gross property tax levy was about 50%. By 1981 the residential share had increased to \$260,355,000, which was over 62% of the gross property tax levy. The property tax has become more of a tax upon homeowners. During the 1970's the valuation of residential property was increasing dramatically. While this was happening the Employer was actually losing property which it could assess because of changes in the state tax law. This loss of property available for taxation was compensated for by an increase in state aids. However in 1982 some of the increases in state aid have been cancelled. As a result the residential property tax for 1982 went up 20.51%, which is the largest percentage increase in the history of the Employer.

UNION POSITION:

The Union argues that there is no question that the Employer has the lawful authority to provide the dental insurance program proposed by the Union to the members of the bargaining unit. It contends that it is in the interest and welfare of the public to have the needs of employees covered by group dental insurance because it will have a positive effect on the welfare of the employees resulting in less sick time and improving the productivity level of the bargaining unit. It also contends that the long range effect would be that the employees' children would be growing up free of the pains and distress of dental problems. The Union points out that its proposal is not one of run away, uncontrollable cost because it has proposed a cap of \$20.00 a month on the Employer's contribution to the plan. The Union argues that the Employer has

projected wage increases for employees in each department and has placed funds in a contingency fund in case the amount proposed in each department's budget is not enough to cover the employee's cost. The Union contends that the cost of providing the dental benefits to other bargaining units is not a factor that should be considered by the arbitrator in determining if this bargaining unit should have a dental insurance plan.

The Union contends that one of the most important things for the arbitrator to consider is a comparison of the wages and hours and conditions of employment of the Employer and other municipal employers in the area and comparable communities. It takes the position that the wages, hours and conditions of employment in the private sector of the Employer should be considered too. It points out that the Employer has provided a dental insurance program to the employee's of the police department in the last two collective bargaining agreements as well as significant increases in other compensation. It asserts that there are 55,000 employees of public employers in the Milwaukee area that have dental coverage, including nearly 10,000 employees of Milwaukee County who are represented by the Union and have been provided with dental insurance since January 1, 1982. The Union contends that there are several other communities and municipalities in the Milwaukee metropolitan area who employ the same types of employees as the Employer does and provide them with dental insurance. The Milwaukee Area Technical College provides dental insurance coverage for its non-professional bargaining unit as well as to the professional teachers unit. The Milwaukee School Board provides dental coverage to its teachers. The Union argues that there are hundreds and hundreds of dental plans provided for the employees in the private sector in the Milwaukee area, including a significant number of the large private employers in the community. The Union asserts that cities of comparable size to the Employer provide dental insurance for their employees and it is a benefit that is being provided by more and more employers throughout the country.

The Union argues that the Consumer Price Index for the Milwaukee area is significantly higher and has been higher than the national average. The Union suggests that wage settlements provided by most employers compare with the increase in the cost of living, although slightly behind it. It argues that the overall compensation for the employees in this bargaining unit are no greater than it has been for other bargaining units of public employees in the area. The percentage increases granted to other public employees represented by the Union in the metropolitan area has been significantly ahead of those negotiated between the Union and the Employer. It points out that there is one fixed cost to the Employer under the proposal of the Union with a \$20.00 per month cap on the family coverage and a \$6.00 cap on the single plan. It argues that dental insurance plans are being provided by other public employers in the north central area of the country and the large municipalities. It asserts that the private sector in the immediate area and nationwide has been providing dental insurance plans to its employees.

EMPLOYER'S POSITION:

The Employer contends that the plan as proposed by the Union is vague and unclear. It argues that the employees represented by the Union are handsomely compensated with both wages and fringe benefits. The Employer contends that employees are not leaving for other positions and it has no problems in filling any vacancies because of inadequate wages or fringe benefits.

The Employer argues that there is no compelling reason for inclusion of a dental insurance plan in its collective bargaining agreement with the Union. It points

out that other unions with which it has negotiated agreements have settled for lesser wage benefits and without a dental insurance plan. It contends that granting a dental plan to the employees represented by the Union would affect the relationships between the Employer and other bargaining units with which it must negotiate. The Employer takes the position that the dental plan should be bargained and should not be imposed by an arbitrator without substantial evidence of a compelling need to do so. It argues that the fringe benefits provided by it over the years have been costly, pointing out that the health insurance premium costs have risen 240% over the last ten years and 50% in the last two years. It points out that the Consumer Price Index is dropping. It asserts that it is losing its tax base and state aids and its taxpayers are in a bind because private employers are closing down or laying off employees. The Employer takes the position that the increase in cost of its proposal is 12% for 1981 and slightly more for 1982. It contends that adding a dental plan in 1982 will bring the total increase in cost for wages and fringe benefits to 13.26%. It argues this is too much in comparison with surrounding communities and the increase in cost would not be fair to the taxpayers.

The Employer argues that its proposal, without a dental plan, is generous and the economic times do not warrant establishing a new fringe benefit. It argues that its proposal is fair enough and there is no justification for adding a dental plan. It asserts that there is not sufficient evidence to justify departing from the pattern of fringe benefits which it has provided to most of its other bargaining units.

DISCUSSION:

In making a decision under the arbitration procedures authorized by Section 111.70 the arbitrator is required to give weight to a.) the lawful authority of the Employer, b.) stipulations of the parties, c.) the interest and welfare of the public and the financial ability of the Employer to meet the costs of the proposed settlement, d.) comparison of wages, hours and conditions of employment of the municipal employees involved in the arbitration proceedings with the wages, hours and conditions of employment of other employees performing similar services and with other employees generally in public employment in the same community and in comparable communities and in private employment in the same community and in comparable communities, e.) the average consumer prices for goods and services, f.) the overall compensation presently received by the municipal employees including wages, vacations, holidays, excused time, insurance and pensions, medical and hospitalization benefits, the continuity and stability of employment and other benefits received, g.) changes in any of the foregoing circumstances during the pendency of the proceedings and h.) such other facts as are normally or traditionally taken into consideration in determining wages, hours, and conditions of employment.

The Employer has lawful authority to enter into a collective bargaining agreement that provides a health insurance program for its employees. The Employer suggests that the dental insurance program proposed by the Union is vague and unclear. Admittedly further negotiations will be necessary to implement the plan proposed by the Union. However the broad outlines of the program and the actual cost of the program to the Employer are contained in the proposal in very specific terms. As in most transactions in which the Employer is involved, including other collective bargaining agreements, there may be some further negotiation of the details that remain to be completed. However the proposal of the Union is sufficiently definite and certain so that the Employer understands what is involved. It is not vague and unclear and it can be implemented through joint discussions between the Employer, the Union and the insurer that the Employer selects.

The stipulations between the parties have no impact on the arbitrator's decision except as they impact on the Employer's overall cost and ability to pay. The stipulations should also be considered in connection with the overall compensation that will be received by the employees. Standing by themselves the stipulations do not constitute a factor that would deter the arbitrator from finding either the Employer's position or the Union's position to be preferable.

The Employer does not flatly say that it does not have the financial ability to meet the costs that would result from the inclusion of a dental insurance program in the collective bargaining agreement. The thrust of its argument is that a dental insurance program would add pressure to its already difficult financial situation. It points out that its tax intensity factor has decreased as a result of the decline in state and federal aid. The surrounding suburbs have much higher tax intensity factors than the Employer, as does every other city in the nation with a population of over 500,000 except the City of Boston. The Employer points out that its population has decreased during the past ten years while the population of the suburbs around it has increased by almost the same amount. Its projection for the next twenty years indicate a continuation of that pattern. The Employer's gross tax levy per capita has increased by more than one-third in the past ten years and it is projected that it will double by the year 2000. The Employer's 1981 gross property tax levy increased by more than 15% over the preceding year. The residential share of the gross property tax levy is 62% making it a tax primarily upon homeowners. While the valuation of residential property has increased dramatically during the past ten years, the Employer has actually lost property which it could assess because of changes in the state law. This loss of property available for taxation was compensated for by an increase in state aids until 1982 when some of those increases were cancelled. The Employer's evidence paints an uncomfortable financial picture. It is similar to the financial picture of most municipal employers, particularly those in the larger cities.

The Employer has the ability to meet the Union's demand. It could reduce the level of services and lay off personnel. It has the financial capacity to borrow the necessary funds to meet the demand. The arbitrator is satisfied that the existing budget does not contain allocations of funds that would clearly be available to meet the cost of an insurance program for the employees. The way the budget has been structured does not on its face indicate that it contains sufficient money to meet the cost of those items in the collective bargaining agreement to which the Employer has already agreed. The Employer must contemplate finding monies in the budget or making arrangements for additional allocations to the budget to pay the cost of the items to which it has already agreed. It does not deny that it has the ability to pay for those benefits but argues that it will result in financial stress that will put it at a disadvantage in comparison to the surrounding communities. The arbitrator is satisfied that the Employer has the financial capacity to meet the cost of the collective bargaining agreement, including the cost of a dental insurance program.

The primary thrust of the Employer's argument is that the cost of its health insurance program is uncontrollable. That particular argument is not applicable to the dental insurance program because it specifically provides for a fixed monthly cost for 1982. The arbitrator cannot and should not speculate on what the cost will be in future years and what the Employer's ability to meet those future costs will be.

The Employer points out the substantial decline in the amount of state and federal aids that are available to it. The arbitrator concedes that one of the results of both the state and federal government policies has been to reduce

those aids. The policy of reduction in aids was not designed to prevent employees of one community from receiving wages, hours and conditions of employment that are comparable to those received by similar employees in the same and surrounding communities as well as in comparable communities throughout the country. The rationale behind the reduction in those aids has been to place upon the local communities the responsibility for determining what municipal services they desire and how much they are willing to pay to retain those levels of service.

The Employer has provided a dental insurance program for its police in the last two collective bargaining agreements. In the most recent negotiations for 1981 and 1982 this same Union and Milwaukee County reached an agreement that included a dental insurance program. The Milwaukee Area Technical College provides dental insurance coverage for its non-professional bargaining units as well as the teachers. The Milwaukee School Board provides dental coverage to its teachers. Eighteen of the school districts in the Milwaukee area provide dental insurance coverage for their employees. Four of the suburban municipal employers in the Milwaukee area are now providing dental insurance programs for their employees. Many Milwaukee area private sector employers provide health insurance coverage for their employees, including a significant number of the largest ones. Cities of comparable populations to the Employer throughout the nation provide dental insurance programs for their employees and it is a benefit that is being provided by more and more employers throughout the country. Dental insurance programs are being provided to employees by most municipal employers in the Milwaukee area and by the great majority of municipal employers with comparable populations throughout the midwest and the entire country.

The Employer provides its employees with overall compensation, including wages, vacation, holidays, excused time, insurance and pensions, medical and hospitalization benefits, continuity and stability of employment and all other benefits that are comparable, if not superior, to those offered by most other municipal employers in the area. The fringe benefit program of the Employer compares very favorably with those offered by the suburban municipal employers, particularly in the area of pension benefits. However Milwaukee County, which has almost twice as many employees as the Employer, offers wages, hours and conditions of employment comparable to the Employer and provides a dental insurance program too. It would appear that the overall compensation paid by the Employer compares favorably with the average overall compensation paid by private sector employers.

The Employer points out that the Consumer Price Index for the Milwaukee area is declining and its employees will receive 1982 wage increases that may surpass the increase in the Consumer Price Index for the year. The wage increases paid by the Employer to its employees in each of the last two collective bargaining agreements has lagged far behind the increase in the Consumer Price Index. The Consumer Price Index for the Milwaukee metropolitan area is substantially higher than the average for the nation as a whole. Yet in some of those years its employees received percentage increases that lagged far behind those of other municipal employers in the Milwaukee metropolitan area and were less than half of the increase in the Consumer Price Index in the area.

A health insurance program that includes dental insurance will have a positive effect on the interest and welfare of the public because it will result in less sick time and improve the productivity level of the employees. The long range effect of such a program on the employee's children has a positive benefit to the community that cannot be measured. A major segment of the employees in the Milwaukee metropolitan area are already covered by health insurance programs

that include dental insurance and that has had a positive effect on the welfare of the community. The welfare of the public would not be enhanced by denying a dental insurance program to the employees of the Employer while a major segment of the employees in the area receive that benefit.

The evidence establishes that the Employer compensates its employees adequately and that they receive a superior fringe benefit package. However, the level of compensation paid by the Employer is no better than that paid by Milwaukee County, which is the other major municipal employer with comparable employees in the area. Milwaukee County provides a fringe benefit package to employees that is the equal of the one offered by the Employer in almost every respect and also includes a dental program. Most municipal employers in the Milwaukee metropolitan area provide dental insurance programs for their employees as do many of the private sector employers in the area. The great majority of the municipal employers in the nation with populations comparable to that of the Employer offer dental insurance programs for their employees. The Employer is providing a dental insurance program for its police now and it should make that benefit available to the employees in this collective bargaining unit.

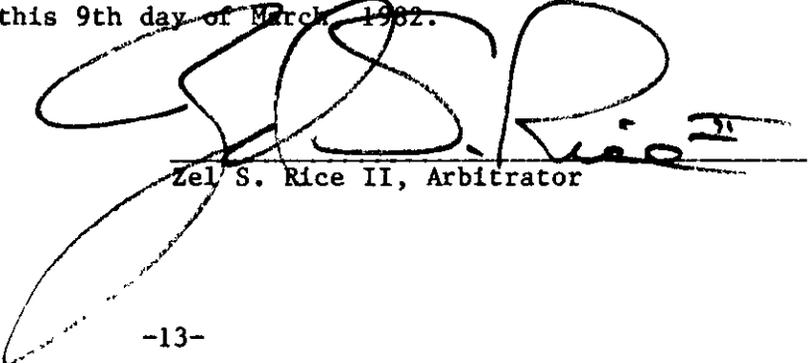
The arbitrator is sympathetic to the argument of the Employer that its financial ability is declining as a result of the loss of state and federal aids. There is no question that the Employer's tax intensity factor is declining and its tax levy is becoming a larger and larger burden on the homeowner as a result of those state and federal policies. However the arbitrator is satisfied that the Employer has the financial ability to meet the cost that will result from the addition of a dental insurance program to the new collective bargaining agreement. Whether future increases in the cost of health insurance and other benefits and loss of population will reduce that capacity in the future need not be addressed by the arbitrator. The arbitrator is satisfied that the thrust of the reduction in state and federal aids to local municipalities is designed to place a burden on the property tax and the homeowners in each community and force them to decide the level and which municipal services they are willing to pay for. The public interest will not be served by making an award that continues a particular municipal service or level of municipal services at the expense of denying a benefit to employees that is provided to most municipal employees in the area and in comparable communities and to a major segment of private sector employees.

It therefore follows from the above facts and discussion thereon that the undersigned renders the following

AWARD

After due consideration of all of the factors set forth in Section 111.70 of the Wisconsin Statutes, the Employer is directed to implement the dental insurance program set forth in the final offer of the Union attached hereto and marked "Exhibit A."

Dated at Sparta, Wisconsin, this 9th day of March, 1982.



Zel S. Rice II, Arbitrator



AFSCME

American Federation of State County Municipal Employees

MILWAUKEE DISTRICT COUNCIL 48
3427 West St. Paul Avenue
Milwaukee, Wisconsin 53208
Telephone (414) 344-6868

JOE ROBISON
Executive Director

RICHARD G. MARKOWSKI
President

"EXHIBIT A"

November 23, 1981

Herman Torosian
Wisconsin Employment Relations Commission
P. O. Box 7870
Madison, Wisconsin 53707

Re: Case CCXI No. 27105
Med/Arb - 946

Dear Mr. Torosian:

Enclosed you will find the final offer of the Union in the above captioned case.

Yours truly,

Joseph Robison
Executive Director

JR
PJ



CC: City Locals
City of Milwaukee
City Staff Representatives

Enclosure

FINAL OFFER

of

MILWAUKEE DISTRICT COUNCIL 48, AFSCME, AFL-CIO,

**on behalf of its affiliate Locals 33, 40, 47, 381,
423, 426, 428, 550, 952, 1091, 1238, and 2754 to
the City of Milwaukee, Wisconsin for a successor
agreement to its 1979-1980 contract.**

SCHEDULE "A"

DUTY INCURRED DISABILITY PAY:

Delete the present language to current Sub-section 3 and replace with the following:

3. Administration of the provisions of this paragraph shall be in accordance with Section 4-37 of the Milwaukee Code of Ordinances, except that in any third party injury suit where the City receives repayment for money paid out for lost time from the injury account or the employee's sick leave account, the City shall restore a proportionate amount of time to the employee's injury or sick leave account.

SCHEDULE "A"

RATES OF PAY:

1. Change Sub-section 1 to read as follows:

The wages paid to the employees covered by this Agreement shall be increased as follows in accordance with the salary ordinances as adopted by the Common Council Ordinance File No. _____ Ordinance No. _____ and with any other related ordinances, and any appropriate amendments.

a. A 10% general wage increase, effective Pay Period 1, 1981 (December 21, 1980). This increase will be applied to the Pay Period 26, 1980 base salary for all employees including red circle rates.

b. A 9.0% general wage increase, effective Pay Period 1, 1982 (December 20, 1981). This increase will be applied to the Pay Period 26, 1981 base salary for all employees including red circle rates.

c. A 1.0% general wage increase, effective Pay Period 14, 1982 (June 21, 1982). This increase will be applied to the Pay Period 13, 1982 base salary for all employees including red circle rates.

SCHEDULE "A"

HEALTH INSURANCE

No changes in Sections 1, 2, 3, and 4.

Sub-section 5, change to read as follows:

5. Persons who are not active employees but who are otherwise eligible shall pay for 1981:

\$59.08/month - for single employee coverage

\$147.46/month - for family employee coverage

No change in Section 6.

Change Section 7 by adding: "or Family Health Plan" wherever the word Compcare appears.

No change in Sections 8, 9, 10, 11, or 12.

HEALTH INSURANCE (CONTINUED)

Add new Section 13 to read as follows: (Effective Pay Period 1, 1982)

DENTAL INSURANCE

- a. The City shall provide dental benefits for bargaining unit employees comparable to the attached schedule of benefits.
- b. The City agrees to pay the following amounts toward the payment of monthly premiums for said dental benefits.
 - 1) The City will pay up to a maximum of twenty dollars (\$20.00) toward the cost of the family premium and six dollars (\$6.00) toward the cost of the single premium.

SCHEDULE OF DENTAL BENEFITS

Maximum per participant per calendar year \$1,000.

DEDUCTIBLE \$25.00

Maximum number of deductibles per family per calendar year 3.
Maximum family deductible \$75.00 per year.

<u>*DIAGNOSTIC</u>	<u>CO-INSURANCE %</u>
Diagnostic x-rays	100%
Oral examinations	100%
<u>*PREVENTIVE</u>	100%
<u>ANCILLARY</u>	
Anesthesia and injections	80%
Emergency palliative treatment and denture repairs/adjustments	80%
<u>RESTORATIONS</u>	
Direct fillings (Regular)	80%
Indirect fillings (Cast Restorations)	80%
<u>ORAL SURGERY</u>	80%
<u>ENDODONTICS</u>	80%
<u>PERIODONTICS</u>	80%
<u>PROSTHODONTICS</u>	50%
<u>ORTHODONTICS</u> (Separate Maximum) to age 25	50%

\$1,200 Lifetime Maximum per participant.

*Deductible does not apply to Diagnostic or Preventive Services.

UNION'S PROPOSAL ON LANGUAGE FOR CITY TO HAVE THE RIGHT TO
CHANGE HOSPITAL-SURGICAL INSURANCE CARRIER AS NEW SUB-SECTION 14

14. The City may terminate its contract with Blue Cross-Blue Shield and enter into a replacement contract with any other qualified insurer or establish a self-administered plan provided:

- (a) That the cost of any replacement program shall be no greater to individual group members than the current plan immediately prior to making any change.
- (b) That the coverages and benefits of such replacement program shall be at least identical to the current coverages and benefits of Blue Cross-Blue Shield programs currently in effect for employees and employees who retire during the term of this agreement.
- (c) Any replacement program shall continue to provide Compcare and Family Health Plan options for those employees who make such election on the same basis as the current program.
- (d) Prior to a substitution of carrier or implementing a self-administered plan, the City agrees to provide the Union with a full 60 days to review any new plan and/or carrier.
- (e) Any dispute arising out of the alleged failure of the City to abide by the assurances contained in this section may be submitted to arbitration by the Union. The decision of the Arbitrator shall be limited to a determination of whether or not the substitute plan is in compliance with (a), (b), (c), and (d) above, shall specifically identify the lack of compliance and shall be final and binding in that respect.

HEALTH INSURANCE (Continued)

The Arbitrator shall not have the authority to reform the substantive provisions of any replacement program but may order the City to modify it in order to comply with the assurances of this section. Any such challenge shall be brought within the 60 day period of review provided in (d) above. No substitute plan shall be implemented until the issues submitted to arbitration have been resolved.

BARGAINING TEAM LOST TIME

Members of the negotiating team of the Union shall suffer no loss of pay or benefits as a result of the negotiations for this successor Agreement. Any bargainer for the Union who may have been charged with vacation, owed time, or any other type leave time shall be made whole.

"EXHIBIT B"

November 23, 1981

(EXHIBIT I)

RECEIVED

NOV 25 1981

WISCONSIN EMPLOYMENT
RELATIONS COMMISSION

AMENDED
FINAL OFFER
OF
CITY OF MILWAUKEE
TO
MILWAUKEE BOARD OF COMMISSIONERS 148
AFSCME, AFL-CIO

(EXHIBIT 1)

SCHEDULE "A"

RATES OF PAY

1. The wages paid to the employes covered by this Agreement shall be increased as follows in accordance with the salary ordinance as adopted by the Common Council Ordinance File No. _____ Ordinance No. _____ and with any other related ordinances, and any appropriate amendments.

- a. A 9% general wage increase effective Pay Period 1, 1981 (December 21, 1980). This increase will be applied to the Pay Period 26, 1980 base salary.
- b. A 1% general wage increase effective Pay Period 14, 1981 (June 21, 1981). This increase will be applied to the Pay Period 13, 1981 base salary.
- c. A 8% general wage increase effective Pay Period 1, 1982 (December 20, 1981). This increase will be applied to the Pay Period 26, 1981 base salary.
- d. A 2% general wage increase effective Pay Period 14, 1982 (June 21, 1982). This increase will be applied to the Pay Period 13, 1982 base salary.

2. The salaries and wage of employes shall be paid biweekly.

3. Unless otherwise specified, employes shall move from the minimum step in the pay range to the maximum step in annual increments. The administration of the pay plan shall be in accordance with the salary ordinance.

4. The City reserves the right to make corrections of errors to the salary ordinance, if any are found.

5. The City reserves the right to make changes in the salary ordinances to reflect classification changes recommended by the City Service Commission. This item shall not be subject to either advisory or final and binding arbitration.

SCHEDULE "A"

INJURY PAY

1. No change.
2. No change.
3. Administration of the provisions of this paragraph shall be in accordance with Section 4-37 of the Milwaukee Code of Ordinances, except that for those employees injured on and after the effective date of this Agreement, the following shall be applicable:
 - a. If a third party injury suit settlement results in the City receiving payment for a portion of the salary paid to the employe during the period of injury, the City shall restore a certain amount of time to the employe's sick or injury leave account.
 - b. The amount of time restored to the employe's sick or injury leave account shall be computed by taking the amount of money paid to the City for temporary total or partial disability as calculated by the Worker's Compensation section of the City Attorney's Office and dividing that amount by the hourly salary received by the employe during the period of injury.
 - c. The employe shall not receive any injury pay or sick leave for subsequent time lost for the same injury until the credit, as calculated in 3. b., above, is exhausted.

Nov. 18, 1981

HEALTH INSURANCE

1. Benefits

a. Basic Plan

Basic Plan health insurance benefits, including terms and conditions established therefor, shall be as provided for in the HOSPITAL, SURGICAL-MEDICAL GROUP MASTER CONTRACT FOR THE CITY OF MILWAUKEE, effective October 3, 1978, executed November 4, 1980, as amended.

b. Health Maintenance Organization (HMO) Plans

If the City is required by law to make available a HMO plan to employees in active service and covered by this Agreement, then such employees shall have such a right to elect coverage under such HMO, in accordance with the terms and conditions established for that purpose, in lieu of the coverage provided by the Basic Plan.

2. Eligibility

a. General Exclusions

Employees shall not be eligible for the benefits provided in subsection 1., above, during the time period they are employed on a provisional, emergency, part-time (for purposes of this provision, an employee shall be termed a part-time employee during any week in which his/her normal hours of work are less than 20 hours per week), temporary, student-aide type or seasonal basis.

b. Employees in Active Service.

(1) Basic Plan and Health Maintenance Organization (HMO) Plans. Except as provided in subsection 2. a., employees in active service shall be entitled to the benefits provided in subsection 1. a. or 1. b., above, so long as they remain in active service.

(EXHIBIT 1 con't.)

c. Duty Disability

Employees in active service who commence receiving duty disability retirement allowance during the term of this Agreement, as such allowance is defined in Section 36.05(3) of the ERS Act or Sections 35.01(50) and 34.01(50) of the City Charter, 1971 compilation, and amendments thereto, shall be entitled to the benefits provided in subsections 1. a. or 1. b., of this paragraph, above, so long as they continue to receive such duty disability retirement allowance.

d. Retirees

Employees in active service who retire on normal pension (as this term is defined under Chapters 34 through 36, inclusive, of the City Charter, 1971 compilation and amendments thereto) during the term of this Agreement, with at least 15 years of creditable service, shall be entitled to the benefits provided in subsection 1. a. of this paragraph, above, commencing on the first of the month next following their 60th birthday and ending with the last day of the month in which they become age 65. If a retiree, eligible for benefits hereunder, dies prior to attaining age 65, then such retiree's surviving spouse shall be eligible for these benefits until the last day of the month in which the deceased retiree would have attained age 65.

3. Cost of Coverage -- Basic Plan or HMO Plan Only

a. Employees in Active Service

(1) Employees Whose Normal Hours of Work Exceed 20 Hours Per Week.

The City will contribute an amount up to the per capita (employee) subscriber cost for family or single enrollment in the Basic Plan (subsection 1. a. of this paragraph) towards meeting the per capita (employee) subscriber cost for either family or single enrollment of

(EXHIBIT 1 con't.)

the plan elected. If the per capita (employee) subscriber cost for either family or single enrollment in the plan elected exceeds the corresponding per capita subscriber cost of said Basic Plan, then the employe shall have such excess cost deducted from his pay check on a monthly basis.

(2) Half-time Employes

For purposes of this paragraph, a half-time employe shall be defined as an employe whose normal hours of work average at least 20 hours per week, except that such half-time employe shall not be entitled to benefits during any week in which employe works less than 20 hours. The City will contribute an amount up to one-half the per capita (employee) subscriber cost for family or single enrollment in the Basic Plan (Subsection 1. a. of this paragraph) towards meeting the per capita (employee) subscriber cost for either family or single enrollment of the plan elected. If the per capita (employee) subscriber costs for either family or single enrollment in the plan elected exceed one-half the corresponding per capita (employee) subscriber costs of the Basic Plan, then the employe shall have such excess cost deducted from his pay check on a monthly basis.

- (3) An individual who has exhausted his/her sick leave shall be termed an employe in active service for the six-month time period beginning with the date such individual exhausted his/her sick leave. The City will contribute towards the subscriber cost of the plan covering such individual in accordance with subsections 3. a. (1) or 3. a. (2), above, based on such individual's status immediately prior to exhausting his/her sick leave. This provision shall not cover retirees.

(EXHIBIT 1 con't.)

b. Duty Disability

The costs of coverage for individuals receiving a duty disability retirement allowance shall be as provided for in subsection 3. a. (1) of this paragraph.

c. Retirees

For eligible retirees or their eligible surviving spouses: The City will contribute an amount up to the per capita (employee) subscriber cost for family or single enrollment in the Basic Plan (subsection 1. a. of this paragraph) towards meeting the per capita (employee) subscriber cost for either family or single enrollment (whichever enrollment is applicable to the retiree).

4. Right of City to Select Carrier:

It shall be the right of the City to select, and from time to time, change any of its carriers that provide the benefits set forth in section 1 of this paragraph provided that:

- a. If the City elects to change carriers then the City agrees that the benefits provided by the new carrier shall not be substantially different from the benefits provided by the present carrier.
- b. During the calendar year of conversion, the employe share of the per capita subscriber cost under the replacement carrier for either single or family enrollment (whichever enrollment is applicable to the employe) for the benefits to which the employe is entitled to under the provisions of this paragraph, shall not exceed the employe share under the carrier that provided such benefits immediately prior to conversion.
- c. Prior to changing carriers the City agrees to give the Union written notice that it intends to change carriers and to provide the Union with a copy of the new proposed carrier contract. Within 60 calendar days following the date of such notice the Union shall raise all objections it has specifically related to substantially different benefits as provided for in subsection 4 a, above, and submit them in writing to the City. Within 10 calendar days following the City's receipt of the Union's written objections the parties shall convene and conclude a 4 1/2 step hearing to resolve these objections. At the conclusion of the 4 1/2 step hearing the City shall retain the unilateral right to implement the proposed new carrier

contract immediately and the Union shall have the right to proceed to expedited arbitration in the matter of any unresolved objections as hereinafter provided:

- (1) The Union must notify the City in writing of its intent to proceed to expedited arbitration within 10 calendar days following the conclusion of aforesaid 4 1/2 step hearing; failure to do so shall constitute a settlement of the matter in favor of the City.
- (2) Only matters involving subsection 4a of this paragraph shall be processed under this expedited arbitration proceeding; the provisions of this agreement entitled Part III Grievance and Arbitration Procedure shall not apply to any matter involving aforesaid subsection 4.
- (3) Within 5 calendar days of the date the Union indicates their intent to proceed to expedited arbitration the parties shall meet and attempt to select an arbitrator to hear the matter. In the event the parties can not agree the Union shall within 10 calendar days of the date the Union indicated its intent to proceed to arbitration submit a request to the WERC for a panel of arbitrators. Such request to the WERC shall indicate that the parties want the panel to be comprised of arbitrators familiar with health insurance benefits. The parties shall within 5 calendar days of the receipt of said list meet for the purpose of selecting the arbitrator by alternately striking names from said list until one name remains. Such person shall then become the arbitrator.
- (4) The arbitrator shall be limited solely to making a determination of whether or not the proposed new carrier contract is substan-

tially different from the present carrier contract.

(5) The decision of the arbitrator shall be issued to the parties no later than 30 calendar days following the selection of the arbitrator.

(6) The decision of the arbitrator shall specify the nature of the provisions contained with the proposed carrier contract that are substantially different from the present carrier contract. The City shall have the option of modifying the proposed contract to meet the arbitrator's decision or alternately to maintain the present carrier contract.

(EXHIBIT 1 con't.)

5. Non-duplication

- a. If more than one City employe is a member of the same family, as that term is defined in provisions of the Plans defined in Section 1. of this paragraph, the coverage shall be limited to one family plan.
- b. In the event a program of health insurance is adopted by the federal or state government and the City is required or elects to participate, benefits under the City Plan shall be coordinated with such systems but shall not operate to increase or diminish the extent of the coverage.

6. Employes on Leave of Absence:

Individuals on authorized leaves of absence may elect to be covered by the benefits in Subsection 1. a. or 1. b.; such individuals who so elect shall pay 100% of the costs associated with their coverage. Such coverage shall be limited to the first 12 months of such authorized leave of absence. The rates for such coverage shall be determined by the City and adjusted from time to time; provided that such rates shall not exceed the total per capita subscriber cost for either single or family enrollment (whichever enrollment is applicable to the employe) for the benefits selected by the employe.

7. For employes hired on or after January 1, 1982, there shall be a 270-day waiting period for pre-existing conditions.

8. Effective Date

Except where specifically provided otherwise herein, the provisions of this paragraph shall be deemed to be in force and effect from and after January 1, 1981.